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ABSTRACT

Neither the abstract conceptualization nor the pragmatic reality of financial aid operates in a vacuum. Both are subject to, and indeed part of, the larger societal fabric with its overriding priorities and concerns. The relative paucity of universal truths in this field does not, however, in any way diminish the state's responsibility for thorough planning and evaluation in this area. Instead, it simply highlights the critical need for such action if the legitimate needs of Michigan residents are to be responsibly addressed. Before the planning process can be engaged in a meaningful manner, however, there must be information available as to: (1) a mutually acceptable definition regarding the concept of student financial aid; (2) an understanding of the background of the field and its current major programs; (3) a perspective regarding the relative adequacy of current expenditures in this field; (4) an overview of the present delivery system matrix; and (5) an idea of the nature of some of the central issues of present concerns in the field. (Author)

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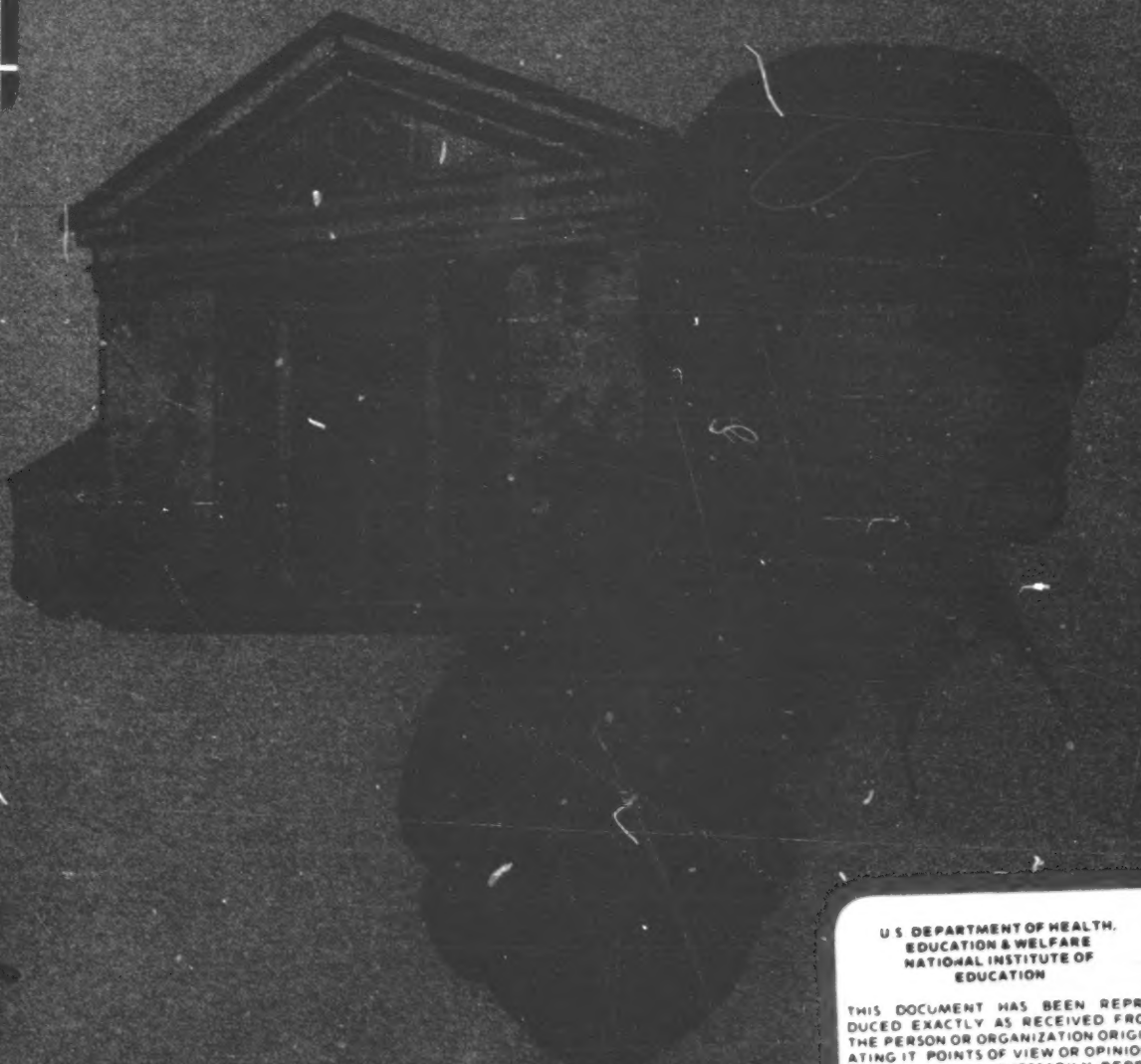

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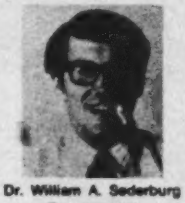

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Our complex society demands of its citizenry a high degree of personal understanding, interpersonal sensitivity, and technological expertise. To successfully cope with these expectations, some form of post-secondary preparation often becomes a necessity for many individuals. However, this demand takes place in an economic context which has pushed post-secondary programs of study beyond the grasp of many who could benefit from them. Thus, student financial assistance becomes, in reality, an important ingredient affecting the ultimate success of our democratic social structure.

In light of the importance of this issue, student financial assistance was identified as one of the major concerns warranting special emphasis in the Department of Education's planning efforts. The attached staff issue paper provides a brief background discussion covering several key facets of this issue, and a series of recommendations whereby Michigan can enhance its efforts to deal with the problem.

Many of the observations and recommendations included in this issue paper reflect the discussions and positive statements of the Michigan Higher Education Assistance Authority which has the statutory responsibility for advising the State Board of Education on matters relating to college costs and programs of student financial assistance. It is anticipated that a variety of specific recommendations will be forthcoming annually from the Authority, in conjunction with Department of Education staff, to assist the State Board in its ongoing efforts to speak both efficiently and effectively to this important issue of student assistance.

John W. Porter
Superintendent of Public Instruction

May 1974

Planning for Student Financial Assistance

I. Introduction

The issue of student financial aid is a complex and controversial one. The concept today operates under a variety of definitions, through a multitude of offices, in a wide range of forms, and is expected to support a variety of purposes and causes. Mention the term "financial aids" to any number of students or families and one will likely receive a contrasting definition from each one, as all expect this concept to conform to their individual priorities and needs. Ask a financial aids administrator where one should look for financial aid, and you will doubtlessly be turned in a variety of federal, state, and local directions in pursuit of these elusive funds. Asking similarly what form student aid takes, one is bombarded with a variety of terms such as scholarship, grant, tuition waiver, loan, work-study, packaging, etc. Each of these has a very distinct technical interpretation which carries little uniformity of public understanding and acceptance. Finally, when one asks what role financial aids should play in society at large, a variety of responses are also received. In recent years student financial aid has come to primarily support the goal of access, but it is also alluded to in terms of support for diversity of programs, support for academic excellence, a vehicle to support student institutional choice, etc. Multiplicity of purpose is not, in itself, bad, but such policy cannot be handled effectively unless all such potential goals are clearly addressed and articulated in a comprehensive priority system. The alternative tends to be confusion and contradictory program expectations.

Additionally, one must also candidly indicate that neither the abstract conceptualization nor the pragmatic reality of "financial aid" operates in a vacuum. Both are subject to, and indeed part of, a much larger societal fabric with its overriding priorities and concerns.

The relative paucity of universal "truths" in this field does not, however, in any way diminish the State's responsibility for thorough planning and evaluation in this area. Instead, it simply highlights the critical need for such action if the legitimate needs of Michigan residents are to be responsibly addressed.

Before the planning process can be engaged in a meaningful manner, however, there must be available information as to (a) a mutually acceptable definition regarding the concept of student financial aid, (b) an understanding of the background of the field and its current major programs, (c) a perspective regarding the relative adequacy of current expenditures in this field, (d) an overview of the present delivery system matrix, and (e) an idea of the nature of some of the central issues of present concern in the field. This paper will address each of these major areas.

II. Definition — The "Demonstrated Need" Basis of Current Financial Aid Administration

To begin, an acceptable definition of "financial aid" must be identified to give direction to the paper's subsequent considerations. Since, at present, the underlying thread which seems to permeate the student financial assistance field is that of "demonstrated financial need," it appears reasonable to use that concept as the basis of this definition.

While several major systems of formalized "financial needs assessment" exist, and it is not the purpose of this paper to evaluate their relative merits, just about any student applying for assistance will be subject to such evaluation. The result of this evaluation, after due consideration of family and student income and assets, is a formal dollar figure called the "expected family contribution." This figure represents the amount which the system feels that the family should reasonably be able to contribute to the student's educational expenses for the school year in question. This figure is then subtracted from the stated school budget for the particular academic year involved, and, if there is a positive remainder, this amount constitutes what is called "demonstrated financial need" for assistance. After this calculation has been completed, a wide range of aid resources are marshaled to assist student applicants with "demonstrated financial need," to help insure that their lack of resources does not preclude continued study.

For purposes of the discussion here, resources brought to bear on these "demonstrated financial need" figures, thus, shall constitute the definition of "financial assistance."

III. Student Financial Assistance — A History

Historically, prior to the mid 1950's there was little or no uniformity as to what constituted "demonstrated need" and as to how resources which were available could most equitably be distributed. The general student aid concept has actually been around practically from the inception of post-secondary study in this country, but aid funds for the "indigent" were initially very limited in quantity and administred according to each individual institution's personal sense of justice. Uniformity in allocation did not begin to develop until the mid 1950's when a group of schools voluntarily banded together in developing what is now known as the College Scholarship Service (CSS) needs analysis methodology. This subsidiary organ of the College Entrance Examination Board became the first national needs analysis system and is still in operation today.

> "The CSS came into being principally as the result of requests from a number of member colleges of the Board for a standardized method of determining parental financial contributions toward the costs of attending college. Competitive bidding for students with exceptional intellectual promise, or other desirable talents . . . had reached proportions that were of widespread concern. In the view of many people, funds in limited supply were being expended unwisely in the competition to induce exceptional students to enroll at particular colleges."[1]

Prior to 1958, also, most student aid was provided either directly by the schools themselves or through

1. *New Approaches to Student Financial Aid*, CEEB, New York, 1971, p. 1

private philanthropic endeavors. During the decade of the 1950's, a post-secondary training was viewed to a large extent as a privilege of the relatively affluent or the academically talented, and financial aid came to be defined more in terms of a reward for academic excellence than as a resource for the needy. This trend has now largely been reversed, bringing financial aid primarily under the "demonstrated need" umbrella identified earlier.

In addition to an increasing variety of private and institutional aid programs which have been developing for needy students, the Federal government entered the general student aid scene with its first "need based" program in 1958. That year, the Congress established the National Defense Student Loan Program (NDSL) whereby "needy" students became eligible to borrow funds to continue their study, with repayment not scheduled to begin until after they left school. Originally, this progrm was directed only toward specific areas of study, but, in recent years, these restrictions have largely been eliminated. The title of the program itself was also recently changed to the National Direct Student Loan Program.

Then, in 1965, the Federal government also created the College Work-Study (CWS) and Educational Opportunity Grant (EOG) Programs. The former was designed to support the employment of needy students and the latter provides direct Federal grants to high-need students. More limited need based Federal programs were also subsequently added to enhance the development of trained personnel in shortage areas such as the health professions and law enforcement.

Finally, in 1972, a new Federal Basic Educational Opportunity Grant (BEOG) Program was created. This program is projected as a basic entitlement concept whereby all students can be assured of at least a basic financial aid foundation of $1,400.00 to support their post-secondary studies. Again, a financial need test is employed to evaluate the amount which the family should reasonably be able to contribute and if it is less than the stipulated $1,400.00 foundation figure, Federal grant monies will be added to insure that the basic entitlement is met. Since this program is so recent, however, and since it has not yet reached full funding (only some $120 million was alloted nationally for 1973-74), its impact upon the student aid scene remains in need of further evaluation.

Alongside these efforts, the State of Michigan, in 1960, established its own Guaranteed Loan Program, whereby students obtained loans from private lenders with an accompanying State guarantee of repayment if the student met with death, disability, or happened to default on his responsibilities. In 1966, this program became associated with the new Federally Insured Student Loan venture, and, in 1972, it also established demonstrated need as the basis for recipient interest benefits.

In parallel thrusts, in 1964 and 1966 respectively, the Michigan legislature established a Competitive Scholarship Program for students demonstrating both academic ability and financial need, and a separate Tuition Grant Program to help equalize expenses between public and private colleges so that needy students' post-secondary choices would not be limited by this differential.

From the above, it can be concluded that the financial aids picture today is largely composed of a mixture of scholarships (based on academic excellence and demonstrated need), grants (based on demonstrated need alone), loans (largely need based), and work opportunities (need based at least when utilizing federal subsidies). Major public governmental programs have also become the primary source of student aid, with private resources now playing a secondary role in terms of overall dollar availability and applicability. For the most part, when a student applies for financial assistance at his or her campus, and establishes eligibility, a variety of the above types of aid are "packaged" or combined to help meet the demonstrated need figure which has been formally established.

IV. Michigan Student Assistance Dollar Deficit

To facilitate state level planning regarding student aid resources, it is important to determine the relative adequacy of the current dollar amount of this mixture of student aid resources. While data in this regard is very difficult to obtain, by reviewing the annual Tripartite Forms filed by Michigan colleges and universities with the U.S.O.E., an attempt to assess the perceived adequacy of current student aid programs can be made. Reviewing current Tripartite documents, the following summary can be made regarding student aid available in Michigan for the 1972-73 academic year:

Resources Available and Unmet Need

			Total Need Amount	
I. Present attendance costs of students with demonstrated need at Michigan colleges and universities for the 1972-73 school year* (Minus deductions for existing resources)			$251,000,000	
	Resorces Available	Percent Need Met		
A. Minus "expected" family contributions of:	$101,000,000	40%	$150,000,000	unmet remainder
B. Minus existing institutional aid (includes $15.5 million in direct State appropriations to public universities for institutional student aid programs) totaling:	$ 35,000,000	14%	$115,000,000	unmet remainder
C. Minus existing "other" aid sources (includes $33 million in State Competitive Scholarships, Tuition Grants and Guaranteed Loans) of:	$ 35,000,000	14%	$ 80,000,000	unmet remainder
D. Minus existing "Federal" programs (EOG, NDSL, CWS) totaling:	$ 40,000,000	16%	$ 40,000,000	unmet remainder
Total Resources Available:	$211,000,000	84%		
II. Remaining Unmet Need (1972-73)		(16%)	$ 40,000,000	overall unmet remainder

*This figure was compiled from item 54 of the Federal Tripartite form. It estimates the total sum of student expenditures (tuition, fees, room, board and miscellaneous) for all "needy" students applying for aid during the 1972-73 academic year.

From this data, it is noted that for the 1972-73 school year there existed an aid deficit of some $40 million in the State of Michigan. This represented about 16% of student expenses for those assistance applicants enrolled, who evidenced demonstrated need.

While the full impact of the new federal Basic Education Opportunity Grant Program (BEOG) on this factor of unmet need in Michigan remains yet to be determined, if the state continues to receive the roughly 5% of overall federal dollars which it has realized in the past on the other existing federal student aid programs, the total dollars which will be added to the student aid reservoir by this new venture will amount to roughly $6 million for the current 1973-74 academic year. No other substantial increase in federal resources can be anticipated in this area for this year, as all other federal student aid programs were funded only at last year's level. In terms of added State Commitment, firm support has been forthcoming in 1973-74 only for an increase of some $3 million in the existing State Scholarship and Tuition Grant Programs to accommodate the increases in award maximums from $800 to $1,200, which were recently enacted by the Michigan Legislature. No substantive overall increase in student aid resources can be realistically anticipated from either the institutional or private sectors at this juncture.

Thus, if all else were to remain equal (i.e., no increased schooling costs, no increased overall enrollments, no increased percentages of disadvantaged students within campus populations, etc.) the State still faces an overall student aid deficit of some $31 million for the 1973-74 school year.

In addition, there are some further complicating factors which tend to indicate that the total dollar deficit, if thoroughly researched, would be even greater. Some key points of consideration here are the following:

1. The above figures are predicated on family acceptance and support of the essentially normative standardized needs assessment techniques which have been utilized to establish the expected family contribution factors being employed in this analysis.

   As was stated earlier, the purpose of this paper is not to attempt to assess the relative merits and equity of any particular needs assessment technique. But it should candidly be stated, that there is substantial disagreement with the expectations presently being levied by the national needs

assessment procedures. Whether responsible individuals choose to view these concerns as valid and whether they choose to act on them is, of course, distinctly a policy and value issue.

However, the fact remains that the overall family contribution figure being projected may well be inaccurate, thus in essence, expanding the actual need of the students involved.

2. These figures do not include reference to part-time and vocational school students; most of whom, until very recently, have been excluded from award consideration under many aid programs.
3. These figures include no estimate of the need of Michigan students choosing to pursue their post-secondary training outside of the state, or forced to do so because Michigan does not currently offer an appropriate program in their area of interest and ability. As population mobility continues to increase, the number of such students will doubtlessly continue to grow.
4. The existing federal programs (NDSL, EOG, CWS) are currently in a state of flux, and may, in the future, be largely supplanted by the new BEOG concept. Thus, the additional funds evidently available under this new program might subsequently be negated by losses in other established federal aid sources.

   Also, the full BEOG impact, as yet, remains unclear, as its potential funding ceiling and final eligibility criteria are yet unclear.
5. The above figures include no estimate of the added demand for resources which would be felt if the post-secondary milieu were to be substantively changed by adding to the present mix a significantly greater percentage of high-need, disadvantaged students.

   There has recently been substantial support for this very contention, indicating that if post-secondary education is, in fact, going to continue to grow, the increase must come directly from these lower socio-economic circles. The recent *Study of Student Financial Aid Programs and Needs* for the State of Florida, for example, has contended that higher income families are already sending just about all of their students who could possibly benefit from such exposure on for further training. Thus, increased enrollment and recruitment concentration will have to draw proportionately greater numbers from the ranks of the disadvantaged, placing even greater strain on existing student aid resources.
6. The unmet need figures above will constantly grow due to inflationary factors alone, even if all else remains static. (Exhibit A indicates the approximate costs associated with Michigan colleges and universities for the 1974-75 academic year).

Thus, it is concluded that Michigan now faces an extensive dollar deficiency in student aid, and this problem is likely to grow to even larger proportions unless prompt corrective action is taken. Several of the recommendations offered at the conclusion of this paper identify methods whereby additional resources could be brought to bear on this problem.

It is important to note at this juncture also that recommendations are offered in this paper for both expanded State level grant (recommendation 6) and loan (recommendation 7) commitments to help meet this dollar deficit. If it can be philosophically assumed that both the individual and society have an important and equal stake in the post-secondary venture, then both approaches must be considered in dealing with the fiscal deficit at hand.

V. Student Assistance Delivery System

As prudent planning action is undertaken, a thorough analysis must also be made of the current delivery system which implements the flow of aid dollars to students. The present delivery system is largely an eclectic combination of a variety of methodologies. *First*, the student applies directly through the financial aids office on his or her chosen campus for the variety of federal government programs mentioned above. Through this office the student can also apply for any institutional stipends that might be available. *Second*, in Michigan the student applies directly to the State Department of Education or the Michigan Scholarship and Tuition Grant Programs. *Third*, the student is also encouraged to individually pursue private donor awards which might be available through his or her local community. The range and scope of these private programs are highlighted each year for Michigan students in the Department's *College Admissions and Financial Assistance Opportunities Handbook*. *Fourth*, students can now apply for a BEOG stipend directly through the designated Federal processing agency. *Fifth*, and finally, there are a variety of education aid funds available directly through various governmental agencies (social security, vocational rehabilitation, and veterans administration offices) for specific categories of students. This diverse delivery system includes scholarships, grants, loans, and work-study alternatives which span the entire range of aid type options. To date little thought has been given to the systematic coordination, much less any actual consolidation of divergent sources. A more coordinated application process would certainly seem desirable. While present individual program procedures and regulations would preclude meaningful development of a specific recommendation in this regard at this juncture; the matter will certainly receive continued staff review. In the future the State may be able to play a crucial role in such coordination.

VI. Student Assistance Issues

Given this brief overview of the present student aid milieu, controversial theoretical issues currently confronting the financial aid community must also be identified so that they can be dealt with as part of the planning activity. A number of ramifications invariably emanate from each action taken, therefore it behooves the State to consider closely these pressing issues in suggesting specific courses of action. Some consensus

must be reached as to which goals are desirable and what the rank order of value priorities are, so that programs can be implemented accordingly.

The first such consideration which must be faced is exactly what goals publicly supported aid programs are to serve. The issue of "access" has become predominant in most student aid thinking today; thus, the strong emphasis on "demonstrated need" and targeting student assistance to students with the least resources. However, strong arguments have concurrently been raised concerning the plight of the "middle class," for the use of financial aid as a vehicle for the reward of academic talent, and for the support of the financially pressed private post-secondary sector. Current State of Michigan programs attempt to speak simultaneously to several of those issues. The Competitive Scholarship Program funds the ablest of the needy. The separate Tuition Grant Program attempts to cover the normal cost differential found between public and private colleges and universities, for needy students, in an attempt to minimize the cost differential in such attendance decisions. The Guaranteed Loan Program, on the other hand, attempts to help a wide range of family income groups. The point, here, however, is not so much that one motive should replace the others as the focus of all student aid; but which priority structure should accompany future directions taken in the student assistance arena.

Secondly, there has, of late, been considerable discussion regarding the overall equity of the student loan concept. Argument has been raised that such funds serve as a "negative dowry" for female students and as an unfair "burden" to the needy and disadvantaged who must, of necessity, apply for student aid.

A related concern focuses around the issue as to who really benefits from post-secondary study. If society is the primary benefactor, then should not post-secondary study be offered on a no-charge basis, or at least in a very inexpensive manner to the student? If, on the other hand, the individual is the primary beneficiary, a case can be built for primary student and family responsibility for educational expenses. Both postures have, in fact, been forcefully put forth, while yet others would argue for no revision in the current balance of payment responsiblity philosophy which presently exists. Recent reports by the Carnegie Commission and the Committee for Economic Development have precipitated much discussion of this issue.

In like manner, concern has been expressed regarding the overall responsibility of parents for support of post-secondary study. The legal aspects of this question are unclear, and the recent change in age of majority in Michigan makes the problem even more complex. In the past, most aid programs have required an extensive period of demonstrated independence before award decisions could be made without review of the overall family resources. The argument used was that these programs were available to supplement family resources when they proved insufficient, not to replace them and effectively transfer a student's dependence from the home to the government or institution. Personal rights legislation such as the age of majority consideration may, however, redirect this thinking in the future.

Similarly, as discussed earlier, there is much concern regarding the relative "equity" of current needs assessment techniques. Are current theoretical assumptions in this area valid, or should these need evaluation systems take into account relative "willingness" as well as theoretical "ability" to contribute?

Likewise, what about the present delivery system which combines a variety of federal, state, institutional and local inputs? Is such a complex system both efficient and effective, and how should new programmatic additions or changes in the existing structure best be effectuated to assure support of student interests?

Also, should student aid serve solely student purposes, institutional purposes, societal purposes, or what combination thereof? Implicitly, we have already alluded to this issue, but the matter deserves candid acknowledgement and coverage in future planning efforts. Too often it comes into play as only part of the "hidden agenda" which surrounds so many policy and program decisions.

In addition, much concern has periodically been raised as to the degree to which the university should be exposed to the forces of the marketplace. One way in which the controversy is expressed is through the relative control which the school has over the availability and distribution of student aid resources. Those who feel the open marketplace environment fosters responsiblity favor direct student allocations, whereas those who feel the university is weakened by the winds of political popularism favor more institutional control over the powerful tool of student resources.

Then, too, what consideration should be given to private vocational schools? In the past, they have often been excluded from student aid programs. This situation is beginning to change as the federal student aid programs have now formally been extended to such institutions. However, at this juncture on the state level, only the Michigan Guaranteed Loan Program is operative in this arena. We must expand our horisons to encompass all post-secondary education in our future financial aid planning.

Similarly, little attention has been given to the atypical student, those attending part-time or older adults returning for further study (i.e., the lifelong education concept), etc. To date, student aid programs have largely been geared to the "typical" 18-21 year old single student studying full-time on campus. However, with current developments this lock-step stereotype is beginning to break down. Commuter students, independent students, older adults, senior citizens, open schools, external degree program students and credit by examination program students have all been added and must be considered in future student aid planning.

Current court cases are also beginning to question the issue of state residency requirements and accompanying tuition differentials. Soon, state assistance program residency distinctions may also fall under legal scrutiny. A number of states are now developing fee

reciprocity agreements. Should similar considerations be taken regarding state and/or regional student aid endeavors?

VII. Recommendations and Conclusions

The above is but a brief summary of some of the difficult issues which surround the current student assistance field. These factors and more must be comprehensively and candidly addressed if responsible long-range planning is to take place in this area. From the above discussion it appears that such planning is needed in terms of:

1. Policy statements regarding the ultimate program goals and priorities to be supported in Michigan student assistance programs.
2. Recommendations regarding the nature of the delivery system which should be developed to best facilitate distribution of Michigan student assistance monies in line with the policy priorities addressed above.
3. Recommendations regarding the actual quantities of student aid resources needed.

Consistent with the Department of Education's expanded planning efforts in the area of post-secondary education, the Division of Student Financial Assistance Services will be continuously studying and evaluating the entire gamut of student assistance programs. It is anticipated that once each year an evaluation covering current policies and delivery procedures will be presented for State Board review.

To facilitate such efforts it is recommended that:

1. The State Board support the authorization and funding of a formalized Information Services Unit within the Student Financial Assistance Service Area, formally charged with the responsibility for periodically evaluating and reporting on the relative effectiveness and sufficiency of current Michigan student aid programs and dollars.

Such a mechanism should provide State Board with the current information needed regarding student needs and programs to facilitate responsible planning activity.

In addition, in light of the significant dollar shortage highlighted in this paper, and in the absence of compelling evidence at this juncture for any extensive change in the basic nature of existing programs, the following recommendations are offered regarding immediate support for a full tier of student assistance programs.

First, on the Federal level, it is recommended that:

2. The State Board of Education record its support for efforts to fully fund a comprehensive federal student entitlement program which would provide a uniform financial aid "floor" for all financially needy students.

This concept has already been operationalized in the new Basic Educational Opportunity Grant Program (BEOG), and can be made effective with full dollar funding. A number of operational involvements are also now underway to help render the BEOG Program more effective than it has been during its initial year of operation.

In addition it is also recommended that:

3. The State Board of Education record its support for the continuation of existing federal Supplemental Educational Opportunity Grant (SEOG), National Direct Student Loan (NDSL), College Work-Study (CWS), and Federally Insured Student Loan (FISL) Programs.

These traditional federal aid sources serve to augment the basic floor concept of the new BEOG Program and provide an innovative variety of funding options for students.

Finally, in addition to these specific federal aid programs that are outlined and supported above, to help enhance creative thinking and state-level initiative concerning present aid deficiencies, it is also recommended that:

4. The State Board of Education record its support for the creation and funding of the State Student Incentive Grant Program (SSIG). This program would provide federal funds to match state resources on a dollar-for-dollar basis and would permit significant expansion of resources available to Michigan students.

It is further suggested that the State board undergird the principle of shared Federal/State responsibility in student funding by supporting the following additional state level recommendations as well.

The State Board of Education has periodically recorded its support for the existing Competitive Scholarship and Tuition Grant Program concepts. These programs have proven very valuable in speaking to the overall Michigan student aid dollar deficit while simultaneously encouraging the talented but needy student and insuring continued availability of a wide variety of post-secondary educational options.

To help extend the Michigan Competitive Scholarship Program to a more representative audience, however, it is now recommended that:

5. The State Board of Education reiterate its support for the enactment of HB 4783 which would permit up to 50% of the state scholarship awards to be distributed on an individual school basis (Exhibit B).

From the outset the state scholarship program has attempted to build a creative bridge between acknowledgement of academic excellence and support for the needy, by making honorary awards to all program semi-finalists, and making actual financial stipends available to those of this group who might also demonstrate financial need. Administered strictly on an overall statewide basis, however, it has been found that many talented and needy students fail to qualify for these awards. In seeking this amendment to current scholarship legislation, the program would be made more accessible to students throughout the state, and thus more responsive to individual needs at the local level. Simultaneously a rigorous statewide acknowledgement program would be maintained for exceptional students with demonstrated financial need through the remaining program funds.

In addition to support for the continuation of these existing and proven programs, it is further recommended that:

6. The State Board of Education express its continued support for the enactment and funding of present SB 451 (Exhibit C) which proposed a state-wide Tuition Opportunity Grant Program.

This program will supplement the federal Basic Educational Opportunity Grant (BEOG) Program and provide a further state-wide entitlement concept for needy Michigan students. If operationalized on an early identification basis, this program could also serve as an added incentive for continued study. In addition, its flexibility could make this program extremely valuable both to older students seeking further training and to needy students enrolling for vocational or non-degree study.

Further, on the state level, it is also recommended that:

7. The State Board of Education express its continued support for the enactment and funding of present HB 4218, (Exhibit D) which proposes a Direct State Student Loan Program.

Since its inception, the previously mentioned Federally Insured Student Loan Program (FISL), as operationalized in this state under the title of the Michigan Guaranteed Loan Program, has greatly increased the resources flowing to students from the private lending community. However, invariably, the State has encountered some areas in which lenders are reluctant to participate in this kind of program, and some other areas in which participating lenders place extensive restrictions on students to whom they will extend such loan resources under their traditional "prudent lending" policies. Also, many private lenders from high density population areas find that they have totally exhausted the resources that can be committed to this type of endeavor. For these reasons, the impact of the Guaranteed Loan Program has been less than uniform and many students have, as yet, been denied access to its resources. The above recommended legislation would provide a "last resort" alternate loan fund resource for these students unable to borrow through the existing Guaranteed Loan Program.

To help insure that this full tier of federal and state programs are administered in a consistent manner, it is also recommended that:

8. The State Board of Education encourage efforts both within Michigan and nationally to achieve some type of clarification and compatibility between diverse systems of financial need analysis which presently serve as a source of confusion to parents and students.

In conclusion, it should be stated that the tier of programmatic factors outlined above must not be mistaken as the full answer or the final step in Michigan's responsibility to creatively deal with this pressing issue. Further action will doubtlessly be periodically required as the overall financial aid structure continues to develop in response to changing student and societal needs.

It is hoped that through a judicious molding of the above recommendations, Michigan will be able to maintain and enhance its leadership role pertaining to student financing.

EXHIBIT A

MICHIGAN DEPARTMENT OF EDUCATION STUDENT FINANCIAL ASSISTANCE SERVICES
COLLEGE ESTIMATE OF STUDENT EXPENSES SCHOLARSHIP AND TUITION GRANT PROGRAMS
1974-75 (For September through July only)

Term or Semester	Name of School Public Colleges and Universities	Tuition & Fees	Room & Board	Books & Pers	Trav	Total
2 01	CENTRAL MICHIGAN UNIVERSITY					
	Mt. Pleasant	$ 567	$1,160	$550	$200	$2,477
2 02	EASTERN MICHIGAN UNIVERSITY					
	Ypsilanti	600	1,189	550	200	2,539
3 03	FERRIS STATE COLLEGE					
	Big Rapids	501	1,350	550	200	2,601
3 67	GRAND VALLEY STATE COLLEGE					
	Allendale	518	1,140	550	200	2,408
3 49	LAKE SUPERIOR STATE COLLEGE					
	Sault Ste. Marie	498	1,300	550	200	2,548
3 04	MICHIGAN STATE UNIVERSITY					
	East Lansing	720	1,223	550	200	2,693
3 48	MICHIGAN TECHNOLOGICAL UNIVERSITY					
	Houghton	570	1,191	550	200	2,511
2 05	NORTHERN MICHIGAN UNIVERSITY					
	Marquette	538	1,236	550	200	2,524
2 14	OAKLAND UNIVERSITY					
	Rochester	621	1,290	550	200	2,661
2 76	SAGINAW VALLEY COLLEGE					
	University Center	539	1,250	550	200	2,539
2 06	UNIVERSITY OF MICHIGAN, Ann Arbor					
	Freshman & Sophmore	800	1,402	550	200	2,952
	Junior & Senior	904	1,402	550	200	3,056
2 50	UNIVERSITY OF MICHIGAN					
	Dearborn	596	900	550	350	2,396
2 51	UNIVERSITY OF MICHIGAN					
	Flint	568	900	550	350	2,368
3 07	WAYNE STATE UNIVERSITY					
	Detroit	703	900	550	350	2,503
2 08	WESTERN MICHIGAN UNIVERSITY					
	Kalamazoo	576	1,175	550	200	2,501

Term or Semester	Name of School Non-Public Colleges and Universities	Tuition & Fees	Room & Board	Books & Pers	Trav	Total
2 09	ADRIAN COLLEGE					
	Adrian	$2,102	$1,094	$550	$200	$3,946
2 10	ALBION COLLEGE					
	Albion	2,330	1,310	550	200	4,390
2 11	ALMA COLLEGE					
	Alma	2,272	1,130	550	200	4,152
3 25	ANDREWS UNIVERSITY					
	Berrien Springs	2,106	1,140	550	200	3,996
2 12	AQUINAS COLLEGE					
	Grand Rapids	2,060	1,100	550	200	3,910
2 90	ART SCHOOL/SOCIETY/ARTS/CRAFTS					
	Detroit	1,650	900	550	350	3,450
2 13	CALVIN COLLEGE					
	Grand Rapids	1,780	930	550	200	3,460
3 55	CLEARY COLLEGE					
	Ypsilanti	1,275	1,075	550	200	3,100
3 56	CONCORDIA LUTHERAN JR. COLLEGE					
	Ann Arbor	1,125	940	550	200	2,815

Term or Semester		Name of School Non-Public Colleges and Universities	Tuition & Fees	Room & Board	Books & Pers	Trav	Total
2	57	CRANBROOK ACADEMY OF ART Bloomfield Hills	2,146	1,200	550	200	4,096
3	58	DAVENPORT COLLEGE OF BUSINESS Grand Rapids	1,440	805	550	200	2,995
2	60	DETROIT BIBLE COLLEGE Detroit	864	1,000	550	200	2,614
3	61	DETROIT COLLEGE OF BUSINESS Dearborn	1,281	900	550	350	3.081
2	62	DETROIT COLLEGE OF LAW Detroit	1,219	900	550	350	3,010
2	26	DETROIT INSTITUTE OF TECHNOLOGY Detroit	1,352	900	550	350	3,152
2	27	DUNS SCOTUS COLLEGE Southfield	1,400	600	550	200	2,750
2	28	GENERAL MOTORS INSTITUTE Flint	915	. . .	. . .	. . .	915
2	65	GRACE BIBLE COLLEGE Grand Rapids	710	900	550	200	2,360
2	66	GRAND RAPIDS BAPTIST COLLEGE Grand Rapids	1,450	1,050	550	200	3,250
3	97	GREAT LAKES BIBLE COLLEGE Lansing	976	810	550	200	2,536
2	15	HILLSDALE COLLEGE Hillsdale	2,588	1,014	550	200	4,352
2	16	HOPE COLLEGE Holland	2,210	1,100	550	200	4,060
2	75	JOHN WESLEY COLLEGE AT OWOSSO Owosso	2,040	960	550	200	3,750
2	63	JORDAN COLLEGE Cedar Springs	1,025	700	550	200	2,475
3	17	KALAMAZOO COLLEGE Kalamazoo	2,400	1,200	550	200	4,350
3	68	LAWRENCE INSTITUTE OF TECHNOLOGY Southfield	1,080	900	550	350	2,880
2	18	MADONNA COLLEGE Livonia	1,600	1,400	550	200	3,750
2	19	MARYGROVE COLLEGE Detroit	1,810	1,200	550	200	3,760
2	20	MERCY COLLEGE OF DETROIT Detroit	1,560	1,200	550	200	3,510
3	29	MERRILL-PALMER INSTITUTE Detroit	1,650	1,350	550	200	3,750

Student attends one term or one semester during the year and returns to approved college.

2	71	MICHIGAN CHRISTIAN JR. COLLEGE Rochester	1,358	1,140	550	200	3,248
3	73	MUSKEGON BUSINESS COLLEGE Muskegon	1,200	900	550	200	2,850
2	21	NAZARETH COLLEGE Nazareth	1,630	1,280	550	200	3,660
3	74	NORTHWOOD INSTITUTE Midland	1,770	1,080	550	200	3,600
2	22	OLIVET COLLEGE Olivet	1,975	1,200	550	200	3,925
2	94	REFORMED BIBLE COLLEGE ASSOCIATION Grand Rapids	950	920	500	200	2,620

Term or Semester	Name of School Non-Public Colleges and Universities	Tuition & Fees	Room & Board	Books & Pers	Trav	Total
2 30	SACRED HEART SEMINARY					
	Detroit	845	400	550	200	1,995
2 72	SHAW COLLEGE OF DETROIT					
	Detroit	1,500	900	550	350	3,300
2 78	ST. MARY'S COLLEGE					
	Orchard Lake	1,000	800	550	200	2,550
2 23	SIENA HEIGHTS COLLEGE					
	Adrian	1,550	995	550	200	3,295
2 31	SPRING ARBOR COLLEGE					
	Spring Arbor	1,850	1,000	550	200	3,600
2 32	SUOMI COLLEGE					
	Hancock	1,970	1,200	550	200	3,920
2 64	THOMAS M. COOLEY LAW SCHOOL					
	Lansing	1,600	900	550	350	3,400
2 24	UNIVERSITY OF DETROIT					
	Detroit	2,100	1,300	550	200	4,150
2 24	UNIVERSITY OF DETROIT-GRADUATE PROGRAMS					
	COLLEGE: Law, Day School	2,050	1,300	550	200	4,100
	COLLEGE: Law, Evening	1,400	1,300	550	200	3,450
	COLLEGE: General Graduate	1,400	1,300	550	200	3,450
	COLLEGE: Dentistry (1st Year)	3,600	1,800	550	200	6,150
	COLLEGE: Dentistry (2nd Year)	3,600	1,800	550	200	6,150
	COLLEGE: Dentistry (3rd Year)	2,400	1,300	550	200	4,450
2 80	WALSH COLLEGE/ACT. & BUS. ADMIN.					
	Detroit	1,010	900	550	350	2,810

Term or Semester	Name of School Public Community Colleges	Tuition & Fees	Room & Board	Books & Pers	Trav	Total
2 33	ALPENA COMMUNITY COLLEGE, Alpena					
	Resident of District	402	900	550	350	2,202
	Non-Resident of District	650	1,100	550	200	2,500
2 52	BAY DE NOC COMMUNITY COLLEGE, Escanaba					
	Resident of District	326	900	550	350	2,126
	Non-Resident of District	481	900	550	350	2,281
2 46	DELTA COLLEGE, University Center					
	Resident of District	375	900	50	350	2,175
	Non-Resident of District	735	900	550	200	2,385
2 35	CHARLES STEWART MOTT COMM. COLL., Flint					
	Resident of District	372	900	550	350	2,172
	Non-Resident of District	682	900	550	350	2,482
2 84	GLEN OAKS COMMUNITY COLLEGE, Centreville					
	Resident of District	454	900	550	350	2,254
	Non-Resident of District	640	900	50	350	2,440
2 36	GOGEBIC COMMUNITY COLLEGE, Ironwood					
	Resident of District	340	900	550	350	2,140
	Non-Resident of District	495	900	550	350	2,295
2 37	GRAND RAPIDS JR. COLLEGE, Grand Rapids					
	Resident of District	338	900	550	350	2,138
	Non-Resident of District	586	900	550	350	2,386
2 38	HENRY FORD COMMUNITY COLLEGE, Dearborn					
	Resident of District	320	900	550	350	2,120
	Non-Resident of District	475	900	550	350	2,275
2 39	HIGHLAND PARK COLLEGE, Highland Park					
	Resident of District	300	900	550	350	2,100
	Non-Resident of District	600	900	550	350	2,400

Term or Semester		Name of School Public Community Colleges	Tuition & Fees	Room & Board	Books & Pers	Trav	Total
2	40	JACKSON COMMUNITY COLLEGE, Jackson					
		Resident of District	434	900	550	350	2,234
		Non-Resident of District	682	900	550	350	2,482
2	92	KALAMAZOO VALLEY COMM. COLL., Kala.					
		Resident of District	325	900	550	350	2,125
		Non-Resident of District	635	900	550	350	2,435
2	41	KELLOGG COMMUNITY COLLEGE, Battle Creek					
		Resident of District	372	900	550	350	2,172
		Non-Resident of District	604	900	550	350	2,404
2	89	KIRTLAND COMM. COLLEGE, Roscommon					
		Resident of District	325	900	550	350	2,125
		Non-Resident of District	635	900	550	350	2,435
2	34	LAKE MICHIGAN COLLEGE, Benton Harbor					
		Resident of District	320	900	550	350	2,120
		Non-Resident of District	470	900	550	350	2,270
3	47	LANSING COMMUNITY COLLEGE, Lansing					
		Resident of District	330	900	550	350	2,130
		Non-Resident of District	600	900	550	350	2,400
2	69	MACOMB COUNTY COMM. COLL., Warren					
		Resident of District	364	900	550	350	2,164
		Non-Resident of District	674	900	550	350	2,474
2	88	MID-MICHIGAN COMM. COL., Harrison					
		Resident of District	330	900	550	350	2,130
		Non-Resident of District	485	900	550	350	2,285
2	86	MONROE COUNTY COMM. COLL., Monroe					
		Resident of District	370	900	550	350	2,170
		Non-Resident of District	670	900	550	350	2,470
2	91	MONTCALM COMMUNITY COLLEGE, Sidney					
		Resident of District	390	900	550	350	2,190
		Non-Resident of District	530	900	550	350	2,330
2	42	MUSKEGON COMM. COL., Muskegon					
		Resident of District	357	900	550	350	2,157
		Non-Resident of District	667	900	550	350	2,467
2	45	NORTH CENTRAL MICHIGAN COLLEGE, Petoskey					
		Resident of District	344	900	550	350	2,144
		Non-Resident of District	494	1,250	550	200	2,494
3	43	NORTHWESTERN MICH. COLL., Traverse City					
		Resident of District	477	900	550	350	2,277
		Non-Resident of District	747	1,150	550	200	2,647
2	82	OAKLAND COMM. COLL., Bloomfield Hills					
		Resident of District	330	900	550	350	2,130
		Non-Resident of District	630	900	550	350	2,430
2	44	ST. CLAIR COMMUNITY COLLEGE, Port Huron					
		Resident of District	426	900	550	350	2,226
		Non-Resident of District	581	900	550	350	2,381
2	79	SCHOOLCRAFT COLLEGE, Livonia					
		Resident of District	345	900	550	350	2,145
		Non-Resident of District	675	900	550	350	2,475
2	83	SOUTHWESTERN MICH. COLLEGE, Dowagiac					
		Resident of District	372	900	550	350	2,172
		Non-Resident of District	658	900	550	350	2,458
2	87	WASHTENAW COMM. COLL., Ann Arbor					
		Resident of District	375	900	550	350	2,175
		Non-Resident of District	720	900	550	350	2,520
2	95	WAYNE COUNTY COMM. COLL., Detroit					
		Resident of District	314	900	550	350	2,114
		Non-Resident of District	624	900	550	350	2,424
3	93	WEST SHORE COMMUNITY COLLEGE, Scottville					
		Resident of District	382	900	550	350	2,182
		Non-Resident of District	652	900	550	350	2,452

EXHIBIT B

HOUSE BILL No. 4783

May 17, 1973, Introduced by Rep. Kildee and referred to the Committee on Colleges and Universities.

A bill to amend Act No. 208 of the Public Acts of 1964, entitled

"An act to grant scholarships to students enrolled in institutions of higher learning, and to provide for the appropriation of money from the state general fund in furtherance of this objective,"

being sections 390.971 to 390.980 of the Compiled Laws of 1970, by adding section 11.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

Section 1. Act No. 208 of the Public Acts of 1964, being sections 390.971 to 390.980 of the Compiled Laws of 1970, is amended by adding section 11 to read as follows:

11. (1) A high school shall be allotted a number of scholarships in proportion to its student enrollment. Scholarships allotted to a high school shall be awarded to those students having the highest competitive examination score and otherwise meeting all eligibility requirements of this act, including that of demonstrating financial need. The scholarships awarded pursuant to this subsection shall not exceed 50% of the initial freshman scholarships awarded pursuant to this act.

(2) The remaining scholarships shall be awarded on a statewide, competitive basis.

1567 '73

EXHIBIT C

SENATE BILL No. 451

April 12, 1973, Introduced by Senators BURSLEY, STAMM, FAUST, GRAY, PURSELL, YOUNG, BALLENGER, FAXON and HART and referred to the Committee on Education.

A bill to establish a higher education fund; to provide tuition opportunity grants to certain resident students enrolled in institutions of higher learning in the state; to prescribe the powers and duties of the state board of education; to prescribe a penalty; and to make an appropriation therefor.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

Sec. 1. A higher education fund is established in the state department of treasury. Moneys in the fund shall be used to reimburse each eligible student from the state, who is a full-time equated first-year student enrolled in an approved post-secondary educational institution within the state, an amount equal to the annual tuition rate but not to exceed $500.00. A student enrolled at least half time but less than full time will be eligible for an amount equal to the annual tuition rate but not to exceed $250.00. For purposes of this act, "a student from the state" means a student who has graduated from a public or private nonprofit high school within the state.

1619 '73

Sec. 2. A student from the state who is the recipient of a state competitive scholarship in accordance with provisions of Act No. 208 of the Public Acts of 1964, as amended, being sections 390.971 to 390.980 of the Michigan Compiled Laws, or a state tuition grant in accordance with provisions of Act No. 313 of the Public Acts of 1966, as amended, being sections 390.991 to 390.997a of the Michigan Compiled Laws, is not eligible under this act.

Sec. 3. An applicant shall demonstrate financial need, including family income limitations, for a tuition opportunity grant as determined by the state board of education.

Sec. 4. The state board of education shall establish procedure for the certification of students for participation under the provisions of this act, and shall promulgate rules pursuant to the provisions of Act No. 306 of the Public Acts of 1969, as amended, being sections 24.201 to 24.315 of the Michigan Compiled Laws. The department of education shall administer the tuition opportunity grant program pursuant to procedures and rules promulgated by the state board.

Sec. 5. The state auditor general shall be responsible for the postaudit of the higher education fund herein established.

Sec. 6. A person participating in or making application to participate in this tuition opportunity grant program who furnishes or attempts to furnish any false information relative to the act is guilty of a misdemeanor.

Sec. 7. The sum of $5,000,000.00 is appropriated from the general fund of the state to carry out the provisions of this act.

1619 '73

EXHIBIT D

HOUSE BILL No. 4218

February 20, 1973, Introduced by Reps. Snyder, Kok, Jondahl, Guastello, Owen and Vaughn and referred to the Committee on Colleges and Universities.

A bill to establish a higher education fund; to provide for student loans; to prescribe certain powers and duties; to promulgate rules; to provide penalties; and to make appropriations.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

Sec. 1. The higher education loan fund is established in the department of treasury. The fund shall be used to make direct interest bearing loans to residents who attend an approved post-secondary school in this state. The direct loans shall be made in accordance with the provisions of the state plan for administering the direct loan program as promulgated by the department of education.

Sec. 2. A student is eligible to apply for a direct state loan of not more than $1,000.00 annually if he certifies that he was unable to obtain a guaranteed student loan through an eligible lender and that he was unable to obtain a loan directly from the post-secondary school.

Sec. 3. A student who is receiving a scholarship, loan, or grant, public or private, is excluded from this act if his financial aid provides sufficient funds to meet approved educational costs. If the student is receiving less than the approved educational costs, he may borrow the difference, of not more than $1,000.00.

Sec. 4. A person otherwise qualifying for a direct state loan is not disqualified to receive a direct state loan by reason of his being under the age of 18 years. For the purposes of applying for, receiving or repaying a loan, a person shall have the rights, powers, privileges, and obligations of an adult person.

Sec. 5. The state board of education shall provide the procedure for the certification of students to participate under the provisions of this act and the department of education shall administer the provisions of this act and shall promulgate rules to implement the provisions of this act pursuant to Act No. 306 of the Public Acts of 1969, as amended, being sections 24.201 to 24.315 of the Michigan Compiled Laws.

Sec. 6. The state board of education may require a student who receives a direct state loan to remit a fee which may include the payment of a life insurance premium.

Sec. 7. The state board of education may enter into contracts with the federal government and receive funds from the federal government to assist in implementing federal aspects of the guaranteed loan program which apply to direct state loan programs.

Sec. 8. A person who furnishes false information in order to participate or in attempting to participate in a program under this act is guilty of a misdemeanor.

Sec. 9. There is appropriated to the higher education loan fund from the general fund of the state the sum of $1,000,000.00 to implement this act.

1416 '73